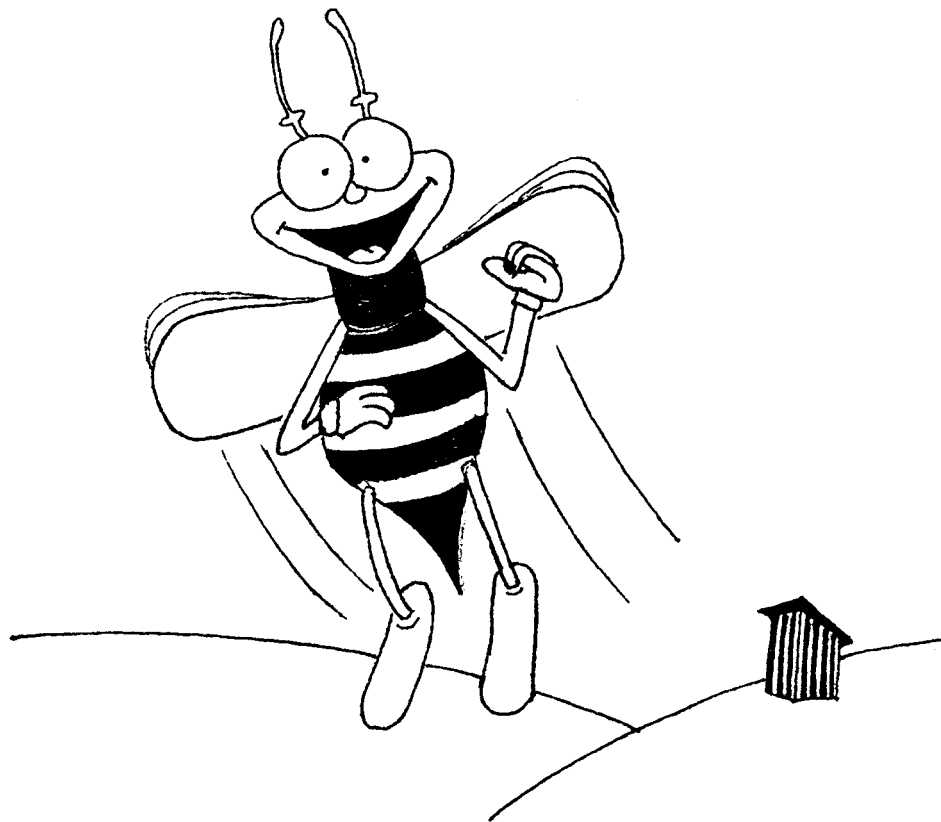


Alfa-B Pollination Services, Inc.



A Business Plan by:

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MISSION STATEMENT

“To help farmers increase the quality and yield of alfalfa crops by providing custom pollination services using leafcutter bees. Alfa-B Pollination Services will maintain the highest standard of quality and customer service, while improving agricultural production in an environmentally friendly manner.”

COMPANY MANAGEMENT

Name	Position	Experience	Share
Joel Lemoine	General Manager	International Business Marketing Farming Operations	22%
Lindsay Robinson	Director of Marketing	Marketing Human Resource Management	22%
Brandi Smith	Director of Finance	Finance/Marketing Leafcutter bee operation	22%

BOARD OF ADVISORS

Name	Position	Experience
David Booth	Beekeeper/Farmer	Booth Farms
Art Chaput	Accountant	Chartered Accountant
Ron Collins	Banker	Commercial Banker
Dave Smith	Beekeeper/Farmer	Booth Farms
Kirk Windsor	Lawyer	Commercial Law

EXECUTIVE SUMMARY

Alfa-B Pollination Services has identified an excellent business opportunity to service Manitoba's agricultural sector by providing custom pollination services to help increase crop yields for alfalfa seed producers. Through the process of using leafcutter bees to pollinate alfalfa seed crops, Alfa-B's services are able to improve the quality of seed and increase alfalfa producers, yields by over twenty times.

Alfa-B is an incorporated business committed to providing high quality custom pollination to Manitoba alfalfa growers. Alfa-B will work side by side with alfalfa producers by acting primarily as beekeepers, placing leafcutter bees on crops in the early summer, managing the bees during the pollination season, as well as caring for and storing the bee larvae during the winter months. This business plan outlines the management team, as well as their objectives and strategies for running a highly successful business. Alfa-B Pollination Services will combine the skills, experience and agricultural backgrounds of three partners to supply producers with the first commercialized custom leafcutter bee pollination service in Manitoba.

Several agricultural organizations have begun to encourage farmers to diversify their operations away from common crops such as wheat, oats and barley. With the price of alfalfa at a high stable level, and the increasing global use of alfalfa seed in herbal remedies and for medicinal purposes, the demand for alfalfa seed has begun to increase. These trends in the agriculture sector have provided Alfa-B Pollination Services with an excellent opportunity to enter the industry to help serve alfalfa producers. Alfa-B is confident in its ability to serve growers by using the highest standards of quality and service.

The three members of the Alfa-B management team have committed \$105,000 to the start-up of this new venture. The Bank of Montreal has endorsed the plan by committing \$250,000 of debt financing through a Farm Improvement Loan. Alfa-B also provides an excellent opportunity for outside investors as the company will issue an additional \$55,000 of preferred shares to complete the financial requirements. Ten percent of net income will be paid out as preferred dividends to outside investors at the end of the third year of operation. By the sixth year, Alfa-B will purchase the shares at an anticipated return on investment of over 35%.

From the beginning of operations, Alfa-B has strong income levels. With forecasted year one pollination contracts for 1200 acres, the company has retained earnings of over \$28,000. In year two, with an increase of a conservative 300 acres of alfalfa, Alfa-B's net income increases by 40% to over \$41,000. In year three, net income again doubles providing the company with a strong financial position to begin paying shareholders dividends. By the end of year five, gross profit will have a five year growth rate of over 400% to reach \$155,500.

Alfa-B's management team consists of three partners whose rural backgrounds have led them to an interest in and understanding of the agricultural industry. Joel Lemoine, General Manager, brings his knowledge of farming along with his educational and practical experience in administration. Lindsay Robinson, Director of Marketing, brings her skills in public relations and marketing, as well as her knowledge of human resource management to the team. Brandi Smith, Director of Finance, brings to Alfa-B her experience working with leafcutter bees and knowledge of financial issues in the agricultural sector. The management team has also recruited a strong Board of Advisors who all bring extensive knowledge in their area of expertise.

ALFA-B POLLINATION SERVICES

Alfa-B Pollination Services is an incorporated business specializing in providing custom pollination services to Manitoba farmers through the use of alfalfa leafcutter bees. Alfalfa seed producers rely heavily on the use of leafcutter bees for pollinating the alfalfa flowers and increasing crop yield. Without a pollination mechanism, there are no economical benefits for farmers to harvest alfalfa seed. The alfalfa leafcutter bee is the only bee that can be relied upon to efficiently and effectively pollinate alfalfa and increase yields. Their natural instincts make them an ideal insect to efficiently pollinate large areas.

Alfa-B is proposing a service that aims to enhance the yield of crops, while offering a streamlined service. Alfa-B's quality service stems from the ability to rent the finest bees and our initiative to work side by side with the farmer on a weekly basis throughout the pollination season to ensure optimal pollination, thus resulting in high crop yields. The absence of commercial leafcutter bee services in Manitoba will give the business the opportunity to develop and expand among sparse competition. Alfa-B will work to promote and expand the alfalfa seed market within Manitoba by educating producers on the advantages of crop diversification, and the benefits of pollination with leafcutter bees. Custom pollination provides an opportunity for non-alfalfa farmers to diversify into alfalfa seed on a crop rotational basis, without committing large amounts of capital to leafcutter bee operations. The lack of direct competition within Manitoba also gives Alfa-B the benefit of setting the standard for reliable, quality service for other companies entering the market.

For the farmer, the availability of Alfa-B's service offers the ability to more than double crop yield without the extra work and expense of taking care of their own leafcutter bee operation. With leafcutter bees, yields can average from 200 to more than 500 pounds of seed per acre, with high yields producing up to 800 pounds per acre. Data from Agriculture Canada indicate that without the presence of leafcutter bees in alfalfa fields, a seed farmer would experience an 85 percent loss of yield, meaning only 30 to 80 pounds per acre would be produced. In addition to placing the bee larvae in the field during spring and removing them before harvest, Alfa-B will take part in continuous checking of bee houses, caring of bees and interacting with the farmer to ensure proper care is taken during spraying and other crop applications. The expertise Alfa-B has with regard to leafcutter bees and pollination will be an asset in offering the best care to our bees, and ensuring a healthy inventory of bees for the following year.

THE AGRICULTURAL INDUSTRY

Agriculture is the largest industry sector in the Manitoba economy. Over 19.1 million acres of land are dedicated to crop products. In 1998, sales in Manitoba relating to crop production were \$2.76 billion, which accounted for 4% of the province's GDP.

Among the crops grown in Manitoba is alfalfa. In Canada, alfalfa is primarily cultivated either for forage (feed for livestock) or for seed. Approximately 1.2 million acres of Manitoba farmland is planted for alfalfa forage each year, while 36,000 acres are planted for its seed (21). Over \$8.3 million of production was attributed to alfalfa seed sales in 1998, with \$4.3 million of this being exported out of Manitoba to the United States.

The annual yields and quality of alfalfa can fluctuate tremendously from year to year because of variations in weather, pest populations and the presence or absence of natural pollinators. These fluctuations can cause growers to alter their use of alfalfa from year to year between forage and seed. In a good season, when conditions are optimal and prices of the alfalfa seed have risen due to the demand, farmers may opt to sell their seed to the market to achieve higher gains.

Regardless of whether the grower provides quality crop management and the best genetic stock, a bountiful harvest cannot be achieved without adequate pollination. Therefore, the availability of quality forms of pollination is a major concern for farmers, as it determines the quality and yield of a crop, and thus the profit the grower receives. Wind is the primary source of pollination for plants, with water, mammals, birds, insects and artificial agents also acting as pollinating mechanisms. Bees have made their name in the agricultural industry as a provider of quality pollination at a reasonable price to farmers. Particularly, leafcutter bees have become synonymous with the pollination of alfalfa on the Canadian Prairies (14).

IMPORTANCE OF LEAFCUTTER BEES IN THE AGRICULTURAL INDUSTRY

With good management, leafcutter bees are credited with increasing alfalfa seed yield by as much as twenty times, yielding up to 800 pounds of seed per acre (2). These remarkable results are a result of the bees' ability to work in hotter weather and cover an area of land more thoroughly than other pollinating insects, such as honeybees. Leafcutter bees are the most important alfalfa pollinators in Canada, with their presence increasing in importance throughout the rest of the world as well (14).

THE NEED SATISFIED BY ALFA-B POLLINATION SERVICES

Custom pollination through the use of leafcutter bees is widely known among farmers. Although some producers house their own bees, custom pollination is preferred by many farmers because the beekeeper provides total bee management and care, leaving more time for the farmer to concentrate on crop management and farm operations. Quality care and management of bees by experienced beekeepers enables more effective bee pollination and makes custom pollination a desirable service for growers. This system allows for the bee larvae to hatch under controlled conditions with the supervision of experienced beekeepers, easy removal of the bee cells from nesting material and the control of parasites and predators.

CURRENT TRENDS IN THE AGRICULTURAL INDUSTRY

The Manitoba Department of Agriculture, as well as farm organizations such as KAP (Keystone Agricultural Producers) have begun to recognize the importance of crop diversification and in turn have begun to encourage farmers to diversify their crop production. Agricultural associations are encouraging a movement away from standard crops such as wheat, oats and barley because these prices have dropped to levels that have not been seen since the 1930s (21). Also, transportation prices have risen drastically, causing growers to absorb higher costs when transporting their seed. Exhibit 3 illustrates the forecasted year 2000 prices for common seeds such as flax at \$0.69 per pound compared to alfalfa seed's expected average price of \$1.12 per pound. Alfalfa's comparably high price will make it the seed of choice for many farmers in the years to come.

MARKET PROFILE

Alfalfa seed is grown in two varieties. Many farmers grow the common alfalfa seed, which is a lower quality seed selling for approximately \$.80 to \$1.01 a pound depending on supply and demand. The second type of seed grown consists of pedigree or commercial alfalfa seed. This seed is of premium quality and has sold on average over the past five years for \$1.00 to \$1.28 a pound (24). In 1999, Manitoba Crop Insurance indicated that 12,200 acres of common alfalfa seed was grown and insured and an additional 2,440 acres was also seeded but not insured. Seventeen thousand two hundred acres of pedigree or commercial alfalfa seed were grown and insured, plus 3,440 acres of uninsured alfalfa. In conclusion, the current market for common alfalfa seed is 14,640 acres and 20,640 acres of pedigree or commercial alfalfa seed, for a total of 35,280 acres.

As mentioned earlier, prices for alfalfa seed play an important role when analyzing the potential market. In 1998, studies from Manitoba Crop Insurance showed 200,000 acres of alfalfa used for forage had been insured and grown, while an additional 800,000 acres of uninsured forage was seeded. Of these 1,000,000 acres of alfalfa forage, some was grown because prices didn't seem inviting to grow common or pedigree seeds. Many farmers grow alfalfa for forage primarily to use as nutritious feed for livestock. If seed prices seem attractive and higher yields are expected, farmers will be convinced to allocate greater acreage to seed production. The market is likely to guarantee 30,000 acres of alfalfa seed growth but it also enables Alfa-B to set its sights on some of the 1,000,000 acres of farmland driven by fluctuating market prices for alfalfa seed of both common and pedigree or commercial seeds.

Studies from Manitoba Agriculture and information from seed companies, such as Brett Young Seeds, confirm there is an increasing demand for leafcutter pollination services. Seed companies do not have the time to set up pollination services but are more than willing to hire outside sources because for them, more pollination services equal more yields and more seed to sell. Alfalfa seed growers must put leafcutter bees in their fields to maximize results. Growers will be inclined to pay a pollination company in order to increase their yields from 30 pounds per acre to over 300 pounds per acre.

INDUSTRIAL USES OF ALFALFA

Aside from alfalfa being used as a forage crop for use as livestock feed, alfalfa seed has many industrial uses, particularly in the health industry. As Canada and the rest of the world begin to move into holistic medicines and alternative methods of healing, the ingredients used will be highly sought after for this purpose. Alfalfa seed acts as an important ingredient in many alternative remedies for a variety of illnesses (4). This crop, which is used to produce such products as alfalfa tablets, helps ease swelling associated with arthritis, aids in detoxifying the liver, is valuable to the heart and helps with muscle cramps.

Also, alfalfa is known to help such problems as bad breath, acne, allergies, peptic ulcers, bladder infections and tooth decay. The plant acts as an excellent source of nutrients, especially vitamin A, C, thiamine and niacin. The value associated with the alfalfa seed, along with the current trend toward holistic healing, will cause continuous growth in the production of alfalfa seed in order to supply the wealth of demand that exists in the medical industry (1).

THE MANAGEMENT TEAM

Joel Lemoine is the General Manager of Alfa-B Pollination and will be in charge of the daily operations of the business. Joel is completing his Bachelor of Commerce degree at the University of Manitoba, focusing on Marketing and International Business. He has previously obtained a Business Administration diploma from College de St. Boniface. Having been raised on a farm, Joel has an extensive background in agriculture and farming operations. He has been employed in the agribusiness sector with organizations such as the Canadian Grain Commission and Manitoba Pool Elevators (Agricore). Joel has experience working in the agricultural finance sector through employment with Caisse Populaire Provencher. At this position, Joel assisted in the administration and financing of farming accounts.

Lindsay Robinson graduated in December 1999 from the Bachelor of Commerce (Honours) program at the University of Manitoba, with a focus on Human Resource Management and Marketing. Lindsay grew up in a farming community in southwestern Manitoba, and is familiar with the Manitoba agricultural industry. She was previously employed with the Public Affairs department at the University of Manitoba where she has gained experience in both marketing and human resource activities. Currently Lindsay is working for Westman Human Resources. Lindsay will hold the position of Director of Marketing, as well as oversee all aspects of human resource management. She will handle the promotion at all agricultural fairs and will head the personal selling to farmers program.

Brandi Smith graduated from the University of Manitoba's Bachelor of Commerce (Honours) program with a double major in Finance and Marketing. Brandi is currently employed with National Leasing Group Inc., as Finance Analyst. She also has experience working in the agricultural industry through employment in the finance department of the Canadian Wheat Board. She will take on the position of Director of Finance for Alfa-B, responsible for all aspects of finance including managing debt and equity financing, and projecting future cash flows. Through family involvement in beekeeping, Brandi has a knowledgeable background in the use and care of alfalfa leafcutter bees for crop pollination.

BOARD OF ADVISORS

To run a successful service business in the agricultural sector, Alfa-B requires the assistance and direction of a Board of Advisors. The Board has been selected based on their extensive knowledge in their respective industry, and their ability to guide the management team in areas with which they are not familiar.

David Booth and Dave Smith bring to Alfa-B extensive knowledge and practical experience in leafcutter bee operations. They are the co-owners of Booth Farms in Lac du Bonnet, Manitoba, and have been raising bees and pollinating alfalfa for over 15 years. Mr. Booth and Mr. Smith will work closely with Alfa-B's management team to help establish strong contacts in the Manitoba agricultural sector, as well as provide overall direction and guidance in beekeeping operations.

Kirk Windsor practises commercial law as a partner of the Winnipeg firm Swystun Kararsevich Windsor. He has been retained by Alfa-B to provide all legal advice and draw up legally binding contracts between Alfa-B and its customers. An example of a short form legal contract Alfa-B will use is found in Exhibit 1.

Alfa-B Pollination Services has consulted Ron Collins, Commercial Banker from the Bank of Montreal in securing funds to begin operations, as he has helped Alfa-B's management determine the appropriate financing for the business. Mr. Collins is familiar with financing agricultural related businesses, as over 50% of his customers are involved in agriculture.

Art Chaput is the final member of Alfa-B's Board of Advisors. He is a partner and tax specialist in the Winnipeg office of BDO Dunwoody LLP Charter Accountants and Consultants. Mr. Chaput provides advisory services, both accounting and tax, to numerous agriculturally based businesses.

OPERATING STRATEGY

HEADQUARTERS AND FACILITIES

Alfa-B plans to purchase a 32 x 41 x 16-foot Westeel building for \$20,000 in Ste-Agathe, Manitoba. Ste-Agathe is on the southern tip of Manitoba's alfalfa producing region and provides Alfa-B with a cost-efficient business facility.

The building will provide ample room for winter storage of shelters and nests. The machine shed is currently equipped with one office, which will be used as the primary location from which the business operates. Alfa-B will set up necessary business equipment, such as computers and phones to facilitate daily business operations. A temperature-controlled 10 x 14-foot insulated room will be built to house bee cocoons (larvae) in the wintertime. The room will contain various monitoring and stabilizing equipment to ensure the most beneficial storage conditions for the bee larvae. Estimates have been acquired from an electrician and carpenter for the required renovation to the storage facility. Costs of approximately \$37,000 have been budgeted to complete all renovations, which include the installation of a temperature monitoring system, heat exchanger, cooling unit, and back-up generator.

CAPITAL ASSETS

Alfa-B will purchase a 16-foot trailer from Rainbow Trailer Sales in Cartwright, Manitoba for \$3,400. This trailer will be used for the transportation of bees, nests and shelters to customer fields. After reviewing costs in used truck magazines and contacting various dealerships, Alfa-B has budgeted \$18,000 to purchase a ³/₄ ton, late 90s model pick-up truck. The truck will be depreciated over ten years and the trailer over twenty years, at a straight-line rate. A second truck and trailer are scheduled to be purchased in year 4, or at the time Alfa-B has been contracted to pollinate at least 2,100 acres, to accommodate the projected increase in demand and subsequent travel.

Approximately twenty-four million bees will be purchased from International Pollination Systems in Fisher Branch, Manitoba during Alfa-B's first year. Information gathered from a variety of published materials recommends between 10,000 and 15,000 bees be placed per acre for efficient alfalfa pollination (2). Discussions between Alfa-B's board of advisors and management have decided to use 20,000 bees per acre in order to obtain the highest potential pollination results. The costs associated with this initial bee purchase are estimated at \$0.006 per bee, for a total of \$144,000.

Wood shelters, 6x4x4 feet are used to house the leafcutter bees once they are placed in a field. Nests, containing styrofoam grooves, house the bees and provide a beneficial environment for the leafcutter bee to lay larvae during the pollination season. One shelter will be placed every three acres, requiring Alfa-B to purchase 600 shelters in year one. The shelters have an initial cost of \$160 per house, and the nests are \$20 each. Approximately eleven nests are required for one bee shelter, bringing the total cost per shelter area to \$380. These assets will be amortized over a 12-year period, at a yearly rate of \$13.33 for shelters and \$1.67 for nests. Exhibit 6 provides a detailed summary of Alfa-B's start-up capital costs.

MARKETING PLAN

CUSTOMER ANALYSIS

Farmers represent a unique segment in Canada and Manitoba, and their needs must be completely understood to build a successful marketing plan and achieve our anticipated reach and frequency in the market. Many farmers are very interested in agricultural development, but are often hesitant to try new techniques due to capital commitments and fluctuating costs. However, reference groups are able to influence the views and beliefs that farmers hold. These reference groups include fellow farmers, Manitoba Agriculture, Agriculture Canada and other related agriculture organizations (21). Alfa-B's marketing plan includes interacting with all the above-mentioned agriculture groups, and utilizing their networks and resources to reach our target market.

Alfa-B has conducted marketing research to answer these questions by contacting ten farming operations from a variety of regions in Manitoba concerning their needs and views on the use of leafcutter bees for pollination. Results were interpreted to indicate alfalfa seed growers are aware of the practice of pollination with leafcutter bees, and many of its benefits. Conversely, all alfalfa forage growers are aware of pollination with bees, but some are skeptical about switching crops from the purpose of forage to seed, as this market is volatile and very dependent on demand and commodity pricing. The majority of alfalfa growers can be found in the areas surrounding Winnipeg where deep, well-drained soil is found.

MARKETING STRATEGY

From the information obtained, Alfa-B has developed a marketing strategy that is based not only on building company awareness among growers, but on informing alfalfa forage growers about the numerous benefits of the practice. Advertising to forage growers will play a strong role in the advertising plan due to the potential for such growers switching crops from forage to seed. In recent years, alfalfa seed prices have risen, contributing to the degree to which some growers shift from producing alfalfa for forage to growing it for the purpose of selling the seed.

The company will strive to create a perceived difference in the minds of consumers between the high quality of service and results obtained with Alfa-B and that obtained by farmers who own their own bees. Alfa-B will position itself as a company that offers superior service while obtaining top-quality results. The marketing strategy will emphasize bee management and strong relations with alfalfa farmers.

In the initial two years of Alfa-B, marketing will be a vital aspect of the entire company strategy. It is crucial that potential customers become aware of the company, and educated about the benefits of custom pollination. Alfa-B Pollination will promote the further education of farmers about the advantages of custom pollination through advertisements in a variety of agricultural journals, forage seed grower newsletters and exhibits at various trade shows throughout the Prairie Provinces. This strategy will be focused primarily in Manitoba, since there are no other corporations that currently specialize in custom pollination services here. In the peak business months of May, June, August and September, it estimated Alfa-B will be travelling 2,500 km per month and require accommodations for five nights per month at an average rate of \$50 per night, at an approximate cost of \$1,000 during these months.

PERSONAL SELLING

Marketing will be focused through the use of personal selling to farmers through trade fairs, direct mailings and rural agriculture representatives. A booth will be set up at the Brandon Ag Days held in January and at the Manitoba Alfalfa and Forage Seed Growers Association's annual convention. Also, a booth will be arranged at the "Canadian Association of Agri-Retailers Convention and Trade Show" at the Winnipeg Convention Centre in February. These events showcase many different services in the agriculture industry, and each is attended by over 30,000 farmers from Manitoba. Prices to set up a booth at these trade shows range from \$452 at the Brandon Winter Fair to \$656 at the Canadian Agri-Retailers Convention in Winnipeg.

Having direct contact with consumers will enable Alfa-B to address specific concerns and questions growers have about their pollination strategy and the business itself. To address the issue of clutter at the fair, Alfa-B will bring in sample shelters, larvae and nests to attract attention to their booth. As well, short videos, stressing the related benefits of leafcutter bee pollination, which Alfa-B will produce through a contract with a Web page designer, will be shown on television sets to answer any general inquiries the public may have.

Alfa-B's Director of Marketing will develop contacts and work closely with agriculture representatives from specific regions of the province. The reps will have contact with farmers and be able to inform them of the services Alfa-B can provide.

Pamphlets and posters will be developed for distribution to agricultural representatives and growers. The pamphlets will contain information on the practice of pollination using leafcutter bees (including its benefits for the grower), a description of Alfa-B and its specific services and contact information for customers. The pamphlets will stress the advantages of leafcutter bees and describe the focus of Alfa-B's business. The costs of designing and printing pamphlets and posters are included as 10% of advertising costs. Advertising costs for Alfa-B's first year of operations are approximately \$9,500. By year two this will increase to a projected \$14,000.

ADVERTISEMENTS

Alfa-B will purchase print advertisements in agricultural journals, magazines and newspapers that circulate in Manitoba such as *Grainews*, *The Cooperator*, *Western Producer*, and rural newspapers such as *The Beausejour Clipper*, *Lac du Bonnet Leader* and *The Sentinel Courier*. Advertising will be aggressive in the late winter and early spring when farmers are looking for seed and planning their crop management for the year, and non-existent during the summer, when contracts have already been arranged. Advertising costs for the first year will be approximately \$7000, and will be maintained at that level in subsequent years. Advertisements will gain consumer awareness, introduce the concept of custom pollination, and explain how farmers receive the benefits of leafcutter bees pollinating their alfalfa without having to deal with the hassle and issues related to beekeeping.

WEB SITE

Consumers in general are becoming more computer savvy and are using the Internet more frequently in order to search for information from the comfort of their home. As a result, establishing company web sites is becoming an increasingly efficient medium by which to advertise and inform consumers. Farmers, as business operators, are using computers as a communication media (e-mail), an information source (the Internet), to manage all their financial information, and to track inventory. Sameer Hasan, who has experience in the development and management of Web sites, will do the initial Web site design and subsequent updates. Sameer has quoted Alfa-B an initial cost of \$1000 to design a quality site, with monthly payments of \$50 for continuous updating. Server fees of \$70 per month will also be a part of the costs necessary to support a web site for Alfa-B. This Web site will be used to supply general information about Alfa-B's services, as well as serve as a medium through which customers can contact the company.

PRICING STRATEGY

Alfa-B will adopt a two-tiered pricing strategy reflecting the risks involved with agriculture-related businesses. The average price charged to farmers for a type of pollination service similar to Alfa-B is about 33% of yield at season's end. Alfa-B Pollination feels they will be able to charge an alfalfa grower more than the average 33% of yield because of the superior service it will offer such as accurate and timely set-up of leafcutter bees and shelters, and follow-up measures to improve operations from year to year. By charging a rate of 35%, Alfa-B can sell the idea of the worry-free service the company offers, in addition to the no-risk clause for the farmer. On an average field of 300 acres of alfalfa, the use of leafcutter bees will help increase yields to 350 pounds of seed per acre. With seed costs estimated at \$1.00 per pound total sales of seed would be approximately \$105,000. At a rate of 35%, Alfa-B's income for an average field will equal \$36,750.

Contracts will clearly explain and stipulate the payment conditions of Alfa-B's service. Before Alfa-B places shelters and bee larvae in fields, a down payment of \$52 an acre is required. The remainder of the payment will not be determined until harvest is complete and the total yield of the crop has been calculated. At this time, the remaining 35% of the yield (less the down payment) will be due to Alfa-B to be paid no later than the end of November of the current harvest year.

Alfa-B will also generate income from the sale of bee larvae at the end of the pollination season. Through the course of the summer, leafcutter bees lay larvae in the styrofoam nests, which result in an end-of-year bee population of over one and a half times the beginning bee population. The excess larvae not needed for the following year's pollination will be sold to Canadian bee brokers at an average price of \$0.005 per bee. In Alfa-B's first year of operations, the beginning of season bee population of 24 million will increase to approximately 38.4 million bees. At the end of year one, we will have an excess of 8.4 million bees to sell at forecasted revenue of \$42,000.

HUMAN RESOURCE PLAN

Due to the physical demands of the agricultural industry, all members of the management team will be involved in handling custom pollination operations. In the spring, all partners will work together in preparing the shelters and nests to be placed in the fields. From June through September, all partners will be working in the fields, setting up shelters, monitoring bees to produce optimal pollination, and collecting larvae in the fall. All partners will receive an initial annual salary of \$25,000, or \$1,042 bimonthly before taxes, and will share equally in the profits or losses of Alfa-B. In each subsequent year of operations, the management team will receive an annual salary increase of \$1,000. In the fifth year of business, the salary will top out at \$29,000. At this level, the personal income tax rate will be the lowest for members of the management team. Additional income will be dependent on the success and profitability of Alfa-B, as it is paid out in the form of dividends to common shareholders based on a percentage of net income.

STAFF

In view of the seasonal nature of the pollination business, one term employee will be hired for six months (May to October) during the first year of Alfa-B's operations. The one full-time employee, Darrell Fast, who Alfa-B plans to hire, has previous experience working with leafcutter bees outside of Lac du Bonnet, Manitoba. Mr. Fast's knowledge of the pollination process and leafcutter bee management will be a great asset to Alfa-B's staff, as he will act as a mentor for the part-time workers in future years. It is imperative all other full-time employees hired in the future have experience with bee pollination and the agricultural industry as well. As demand increases, more full-time seasonal employees will be hired to join the "pollination team."

Mr. Fast will be responsible for preparing the bees and nests to be placed in the fields in May and June. During the summer pollination months, he will continually travel throughout Manitoba to visit the contracted farmers in order to inspect nests and bees. Because of his previous work with leafcutters, he will be in charge of stripping the larvae from the nests in September along with decontamination and cocoon testing.

Alfa-B Pollination plans to undertake its summer recruitment efforts at the University of Manitoba to hire Agriculture students who are pursuing a major in entomology or have prior experience working with bees. Two students will be hired during the second summer as "pollination assistants." This number is projected to double (four employees) in subsequent years as a result of increased demand. Training of new employees will be conducted on the job by the management team and the full-time employees. The bulk of Alfa-B's work will be done in teams; therefore timely and pertinent feedback can be given to employees throughout the course of their employment to improve their skills and task behaviour.

Each student will take part in such tasks as placement of houses in fields during spring, removal in the fall, general maintenance and care of bees and shelters during the season. It is also critical employees maintain constant communication with the growers to ensure proper spraying techniques are undertaken. As each student's experience with the leafcutting operation grows, he or she may also be responsible for aiding with some marketing aspects of the business. Employees will attend information sessions in rural communities with one of the business owners to inform farmers of the practice of leafcutter bee pollination.

EMPLOYEE COMPENSATION

Each summer student position will be placed at a wage of \$9 per hour, which is the standard wage paid by leafcutting operations in other provinces. These positions will last from the beginning of May to the beginning of September. Hours of work will be 7:30 am to 4:00 p.m., Monday to Friday, for a total of 35 hours per week. Occasionally, farmers will require service during the weekend. In these circumstances the management team of Brandi, Lindsay and Joel will take on the job. If additional assistance is needed under these conditions, the students will be called upon to assist the management team. If term employees exceed 40 working hours in one week, overtime will be paid out at a rate of time and one-half, or \$13.50 per hour.

Alfa-B Pollination Services is conducting research into provincial government assistance for paying summer students. Career Start is a program run by the provincial government that offers some monetary assistance (approximately 33% of minimum wage) to businesses that hire summer student employees. This aid from the government will allow Alfa-B to offer wages that are competitive with the industry standard, while maintaining lower annual labour costs. The company's current financial plan does not include this type of government assistance in the budgeted labour costs, but will be updated in the future if Alfa-B qualifies for the program next year when summer students are hired.

Mr. Fast will be paid \$2,000 per month, or \$12,000 for the first year six-month term position. Each additional year Mr. Fast returns to a term position with Alfa-B, he will qualify for a 6% wage increase. Additional full-time term employees will be paid a starting salary of \$12,000 for six months of service with Alfa-B Pollination. Term employees will work 40 hours per week, and be compensated at time and a half for any reported overtime.

Turnover is expected to be low for Alfa-B's full-time term employees due to the limited number of jobs available for pollination specialists. The management team will fill out employee evaluations at the end of each summer in order to record the skills and behaviours of all employees. These evaluations will be used as a means of awarding bonuses or raises to well-deserving employees. As well, the evaluations will aid in deciding which term employees to ask back for the following summer. It is beneficial for Alfa-B to hire the same summer students year after year if possible. This would allow the business to avoid training costs that would be incurred if new employees were hired every year. Also, previous employees will be familiar with Alfa-B's operations and will be in tune with the company's goals.

BENEFITS

Full-time employees will be offered non-monetary benefits above their salary, making the positions more competitive with other job opportunities. The benefits package supplied by Alfa-B will include 4% paid holidays during the six-month term position, as well as various certificates for dinners and entertainment used to reward good performance. Treating employees as valuable resources will maintain employee performance and morale.

FINANCING

Alfa-B Pollination will be financed through a combination of debt and equity. The management team will contribute a total of \$105,000 from personal funds and each will receive 33.3% of the common shares position in the corporation. Additional equity of \$55,000 will be raised through issuing shares to outside sources. The outside investors of Alfa-B will receive preferred, non-voting shares in the company.

Alfa-B forecasts paying dividends to preferred shareholders and common shareholders at the end of the third year of operations. Preferred dividends will be paid out at a rate of 10% of the end-of-year net income. End of year three has preferred dividends of \$8,000. At a constant rate of 10% of net income, preferred dividends have a three-year growth rate of 94% to over \$15,500 at the end of year five. It is forecasted the preferred shares will be purchased back by Alfa-B and retired at the end of the sixth year of operations with a return on investment of over 35%.

An initial bank loan of \$250,000 is required to start Alfa-B Pollination. A Farm Improvement Loan (FIL) has been approved from the Bank of Montreal and will carry an interest rate of prime plus 1%. Under a Farm Improvement Loan, the Bank has limited its risk, as the federal government provides a guarantee on 85% of the outstanding loan balance over the life of the loan up to \$250,000. The loan will be repaid over ten years

through a monthly principal payment of \$2,083 plus interest. Currently the Canadian prime rate is 7.0%, thus the interest rate on the FIL would be 8.0%. The debt interest rate is floating and will be recalculated each time the bank prime rate fluctuates. Exhibit 5 is a copy of the term sheet between the Bank of Montreal and Alfa-B Pollination Services. The agreement provides a detailed description of the agreement of the loan.

Due to the seasonal cash inflows of the corporation, a revolving line of credit will be established with the Bank of Montreal to help cover daily expenses and cash shortfalls. The line of credit will be priced at 1% over prime, with a maximum outstanding balance of \$25,000. The line of credit will only be required to help Alfa-B during the first three years of operations. Exhibit 4 details the financial structure of Alfa-B Pollination Service, including the lenders, rates and collateral required.

REVENUE

The initial funds raised will allow Alfa-B to purchase the fixed assets required to begin business for the 2001 crop year. Shelter, nests and bee stock will be purchased in the spring, while other funds will be set aside for renovating the machine shed as a winterized storage facility later in the year.

The initial financing requirements are dedicated to providing adequate funds for Alfa-B to custom pollinate 1,200 acres of alfalfa. This is an estimated 3% of the 1999 production of alfalfa seed crops. Over the course of the first five years, Alfa-B has projected an increase in demand by a conservative 300 acres per year (approximately one new customer per year). Through this level of service, Alfa-B has no difficulty making repayments on their Farm Improvement Loan, and is building strong retained earnings to finance future operations of the company.

Forecasted statements, shown in Exhibits 7 to 14, provide a detailed financial summary of Alfa-B's first five years of operation. The Bank of Montreal Farm Improvement Loan and shareholder investment are sufficient to fund the first year of operations, with the line of credit required only in year two and three to help cover the seasonal nature of Alfa-B cash flows.

End of first year financial statements show before-tax net income of slightly under \$37,000, and net income of \$29,000. Alfa-B qualifies for the small business corporate tax rate of 22%. This rate will not change until the company's before-tax net income increases to over \$200,000.

With an increase in pollination volume of 300 acres in year two, end-of-year net income increases by over 40% to \$41,000. This trend continues over the next three years, with net income reaching \$156,000 and retained earnings of \$270,000 in the fifth year of business. Alfa-B has a net operating profit margin of 39% by the fifth year of operations.

Alfa-B Pollination Services is in a strong financial position by the end of the third year of business. At this time, the company will begin paying dividends to both its preferred and common shareholders. As stated previously, preferred shareholders will receive 10% of the end-of-year net income. Common dividends are forecasted to start at 25% of net income in year three. These dividends will be paid to the three members of Alfa-B's management, and will act as additional personal income from the company. The common dividends are anticipated to increase by 5% each subsequent year of operation, until Alfa-B can no longer maintain a current ratio of 2:1. These dividends may fluctuate from year to year depending on commodity prices of alfalfa, and Alfa-B's expansion opportunities.

RISK FACTORS

In undertaking any new business venture, there are external risks that must be identified and contended with. Alfa-B Pollination Services has identified the key risks present in the agriculture sector, as well as risks associated with a company of this nature.

COMMODITY PRICES

Alfa-B's yearly profit potential is based on promoting effective pollination from the use of leafcutter bees, as well as the commodity price of alfalfa. By charging a maximum price of 35% of the producers crop yield, Alfa-B is sharing the risks associated with uncertain commodity prices. When the seed is in demand and

alfalfa prices are high, the alfalfa producer, as well as Alfa-B will benefit. Alfa-B is somewhat protected by charging customers an upfront service fee of \$52 per custom pollinated acre. In the event alfalfa prices fall to an unfavourable level, the company will still be able to cover its expenses.

THREATS INVOLVED WITH LEAFCUTTER BEES

The greatest current concern to leafcutter beekeepers is the present of chalkbrood disease, which infects the larva stage of development and causes the bee to die before reaching maturity. The cocoons become hardened, and appear chalky, cream coloured, grey or black. Studies in the United States have shown if chalkbrood disease is present, beekeepers can lose 50% or more of their bee stock (9). By conducting proper decontamination of equipment in the fall, Alfa-B Pollination will prevent diseases and parasites from affecting their bees. All nests and trays will be decontaminated in the spring to prevent parasites from entering. Also, bees will be purchased from a trusted source in Manitoba, where populations are carefully monitored to ensure disease-free bees.

The second most important problem facing leafcutter bee management is loss of bees from parasites. At least eight parasitic species are known to infest leafcutter bees or their nest materials. Through conducting cocoon testing in the fall, Alfa-B will be capable of detecting parasites in their early stage of development, which will enable them to deal with the problem before it gets out of hand (26). As well, the bee stock will hatch in a controlled environment, which will be protected from parasites.

ENVIRONMENTAL RISKS

Alfa-B will limit its liability by purchasing maximum insurance policies to protect the bee stock from such things as windstorms, hail, frost, fire, theft and vandalism. This will greatly reduce the risk to Alfa-B if something unforeseen was to damage the bee stock. As well, insurance will be purchased on all the other assets belonging to the company, including bee shelters, nests and the winterized complex. The insurance policy for the first year of operation will cost slightly over \$2,000. Exhibit 2 provides a more detailed summary of the policy and identifies all threats Alfa-B Pollination is protected against.

COMPETITION

There are no commercial businesses within Manitoba offering leafcutter bee pollination services, which is a large advantage for Alfa-B. Although Alfa-B Pollination will have no direct competition within Manitoba, its indirect competition may force the business to overcome some obstacles in gaining market share.

DIRECT COMPETITOR ANALYSIS

The major source of direct competition within Manitoba will be independent farmers who own their own leafcutter bees. Many of these farmers will offer neighbours the use of their bees for pollination purposes. A key obstacle will be convincing farmers of the advantages of using Alfa-B's services over managing their own bees. These advantages will be highlighted prominently in the company's marketing strategy. Alfa-B will focus on the high quality of its service and focus predominantly on bees.

Independent farmers may find they save money by managing their own bees, but the process is very time consuming and as a result, bees are often neglected or do not reach their full pollination potential. By focusing solely on bee management and care, Alfa-B can provide a more concentrated effort to supply top quality and healthy bees. Alfa-B will work in conjunction with farmers to coordinate the most effective pollination schedule.

INDIRECT COMPETITION

Alfa-B has identified honeybee pollination operations as a source of indirect competition. There are approximately 100 commercial honey beekeepers in Manitoba. Although these businesses will not act as direct competition for Alfa-B, they could still hold some of the potential market share. Growers may see honey bees as an advantage over leafcutter bees due to their ability to produce honey as a by-product, which can be sold commercially. This may pose as a threat to Alfa-B Pollination. It will be one of Alfa-B's objectives to inform

farmers about the capabilities of leafcutter bees in comparison to honeybees. Leafcutter bees are able to pollinate an area 15 times more efficiently than honey bees and work better under hotter working conditions (2).

Saskatchewan produces over 50% of the Canadian acreage for alfalfa; therefore, leafcutter bee operations are predominant in this area. Saskatchewan leafcutter operations act as a source of indirect competition for Alfa-B due to their size and ability to service some of the Manitoba market for the pollination of alfalfa. Northern Saskatchewan is a rich area for the use of leafcutter bees. As a result, many operations have been established to serve this market. These businesses have the advantage of years of experience in the agricultural industry and the ability to move into available markets with ease. For this reason, Alfa-B must be aware that some of its northern market could be swept away by Saskatchewan pollination businesses. To directly combat this issue, advertising campaigns for the southern part of Manitoba will focus on Manitoba pride, as well as gaining awareness of Alfa-B Pollination and its benefits.

HARVEST/DIVESTITURE STRATEGY

In the event that Alfa-B management desires to exit the business, the company will sell all its bee stock to bee brokers and sell the equipment to local farmers involved with leafcutter bee pollination. There are also areas to list leafcutter bee equipment on the Internet, which may be used if a sale cannot be made locally. All liquidated assets and available cash will be divided equally among the three members of Alfa-B Pollination. This stipulation will be outlined as part of the incorporation agreement made among the parties.

If market growth becomes stagnant for reasons beyond the control of management (e.g. alfalfa prices fall, a recession occurs), Alfa-B will attempt to engage in other pollination-related business. Services could expand to include fruit crops in British Columbia or Nova Scotia, as well as other forage crops, as described in the following section.

THE FUTURE

There are several options for future expansion available for Alfa-B Pollination:

BEE SALES TO CANADIAN BEE BROKERS

Alfa-B Pollination plans to start selling excess bee populations to Canadian bee brokers in its second year of business. If high chalkbrood levels, high labour costs and high equipment costs associated with hygienic management of leafcutter bees continue in the United States, U.S. farmers will continue buying from Canadian sources. Also, with a ban in place on importing bees from American pollinators, and the majority of American farmers purchasing bee stock from Canada, leafcutter bees will continue to be in high demand in Canada. The infected bee populations in the United States make Canada an important supplier of bees, and thus bee brokers will be in a continuous need of leafcutter bees. Alfa-B will sell excess bee stock to Canadian brokers at the going market rate. Currently, prices are holding steady at \$0.005 per bee.

The use of an effective, short residual, pre-bloom insecticide only when pests are a problem will keep bee-poisoning cases to a minimum. The development of new, more specific insecticides that are safe for bees will also reduce the bee losses. With increased emphasis on sustainable agriculture and integrated pest management, bee poisoning by insecticides should become less frequent. Alfa-B will be able to benefit from new and improved leafcutter bee management practices that control the insect enemies of alfalfa leafcutter bees.

EXPANSION INTO DIVERSE CROPS

The leafcutter bee is also used to pollinate forage legume species such as clover, and has recently been used to successfully pollinate blueberries, strawberries, Saskatoon berries and a new hybrid canola variety on a large enough scale to show promising results (3, 22). This may enable Alfa-B to diversify its pollination expertise to other crops and geographic areas. Within four years, Alfa-B will market themselves in regions of Canada that produce fruit, nut crops and vegetable crops. Alfa-B can continue to benefit from forage crops, and also introduce its service to oilseed crops and even many garden flowers, which will represent a large expansion of their target market.

MOVEMENT TO OTHER PROVINCES

As mentioned above, there are a number of possibilities to expand Alfa-B Pollination Services into fruit crops. These types of crops are predominately grown in British Columbia, as well as Nova Scotia. Alfa-B Pollination hopes to begin work with fruit crops in British Columbia within seven years.

Saskatchewan is a province with a large market for pollination by leafcutter bees. After Alfa-B Pollination becomes well established (within 5 years of its operation), it will consider entering the Saskatchewan market. This move must be done after the business has become well developed and recognized among growers in the Prairie Provinces, or survival in the competitive Saskatchewan market will be difficult.

A full-scale marketing plan will be the primary objective in Alfa-B's first years in order to gain the market awareness needed to survive in the future. Expansion is only possible if sales are sustainable and there is demand by consumers. Opportunities will always be available as long as Alfa-B attracts farmers who are interested in the potential of increasing their crop yields.

PURSUE ACCELERATED GROWTH STRATEGY

Alfa-B has the ability to pursue an accelerated growth strategy. Instead of selling excess bees to bee brokers, Alfa-B will retain a large stock of bees to provide us the opportunity to custom pollinate an additional 500 acres of alfalfa in the second year of business. If the demand is substantial for Alfa-B's services, this strategy will be pursued. Under this type of scenario, further capital financing is required to help purchase the extra shelters and nests required to meet the increased demand.

ALFA-B — EXHIBIT 1

**RENTAL AGREEMENT
ALFA-B POLLINATION SERVICES INC.**

Ste-Agathe, Manitoba

P.O. Box 233

ROG 1Y0

(204) 882-BEES

www.alfa-b-pollination-service.ca.com

NOTICE: THIS IS A NON-CANCELABLE BINDING CONTRACT. THIS CONTRACT WAS WRITTEN IN PLAIN LANGUAGE FOR YOUR BENEFIT. IT CONTAINS IMPORTANT TERMS AND CONDITIONS AND HAS LEGAL AND FINANCIAL CONSEQUENCES TO YOU. PLEASE READ IT CAREFULLY. FEEL FREE TO ASK QUESTIONS BEFORE SIGNING

Rental No.
Customer No.
Commencement Date:

(Lessor)

CUSTOMER		Telephone No.	
Marketing Contact:		Billing Contact:	
ADDRESS		Facsimile No.	
CITY & PROVINCE		POSTAL CODE	COUNTRY:
LOCATION OF CROP (if different than above)			
CUSTOMER OWNS PREMISES <input type="checkbox"/>	NAME AND ADDRESS OF LANDLORD IF EQUIPMENT IS TO BE PLACED IN RENTED PREMISES.		
# of ACRES	CROP DESCRIPTION (Include Hybrid, Quantity and Expected Yield)		
TERM (NO. OF COMPLETE MONTHS)	DOWN PAYMENT WILL BE MADE IN ADVANCE	<input type="checkbox"/> MONTHLY <input type="checkbox"/> QUARTERLY <input type="checkbox"/> OTHER	NO. OF PERIODIC RENT PMTS. DURING TERM
		PERIODIC RENT AMOUNT	P.S.T
			G.S.T./H.S.T
			TOTAL RENT PAYMENT

TERMS AND CONDITIONS

1. RENTAL CHARGES You (the customer or lessee) agree to lease from us (Alfa-B Pollination Services Inc.) the equipment and leaf cutter bees for the terms stated above. You will pay partial payment at the time of delivery, with further payment due at the above specified date and interval. If any payment is late, we will charge a late fee of \$10.00 or for each month or partial month during which the payment is unpaid plus interest at the rate of 24% per annum, calculated monthly. You agree the shelters, nests, and larva will be removed from the field after the pollination period is completed at our convenience. If the equipment and larva can not be retrieved, you will be charged that market value of all assets unattainable.

2. OTHER IMPORTANT TERMS: THIS LEASE CANNOT BE CANCELED BY YOU FOR ANY REASON, INCLUDING WEATHER, LOSS OR DAMAGE OF BEES, FAILURE OF BEES TO POLLINATE CROP. YOU MAY NOT REVOKE ACCEPTANCE OF THE EQUIPMENT. WE ARE NOT RESPONSIBLE FOR EQUIPMENT DAMAGE. YOU ARE LEASING THE EQUIPMENT "AS IS", AND WE DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED. WE WILL BE RESPONSIBLE FOR SERVICE REPAIRS, AND MAINTAINING THE EQUIPMENT IN THE SAME STATE AS DELIVERED. You certify to us that the equipment and bees will be used by you solely for business purposes of pollination and improving crop yields.

3. TITLE. We will have title to the equipment, bees, and larva during this lease. We will file a financing statement or similar registration evidencing this lease under the applicable personal property legislation. The time for attachment of the security interest granted by this agreement has not been postponed.

4. PAYMENT PLAN. A downpayment of \$52 an acre is to be paid at the beginning of the term of the rental agreement. The remainder of the payment is due no later than November, 30 of the same harvest year.

5. LOSS, DAMAGE, INSURANCE. You are responsible for and accept the risk of loss or damage to the equipment, bees and larva. You agree to keep the equipment insured against all risks of loss in an amount at least equal to the replacement cost, and you will list us as loss payee and give us written proof of this insurance. IF YOU DO NOT GIVE US SUCH PROOF, WE MAY (BUT WILL NOT BE OBLIGATED TO) OBTAIN OTHER INSURANCE AND CHARGE YOU A FEE FOR IT.

6. DEFAULT. If you fail to pay us as agreed, we will have the right to (i) sue you for all past due payments and all payments to become due in the future for the unexpired term, plus the residual value we have placed on the equipment and other charges you owe us, and (ii) repossess the equipment. You will also pay for our rea-

sonable collection and legal costs. This lease is governed by the laws of the Province where the equipment is located and any disputes will be referred to the courts of that Province. To the extent permitted by law, you waive the benefit and protection of any legislation that restricts or limits our rights under this lease, including the provisions of The Limitation of Civil Rights Act of Saskatchewan, if applicable.

7. ASSIGNMENT. YOU AGREE THAT YOU MAY NOT ASSIGN (TRANSFER) THIS LEASE OR SUBLEASE THE EQUIPMENT TO ANYONE ELSE. YOU AGREE THAT WE MAY SELL OR ASSIGN ANY OF OUR INTERESTS TO A NEW OWNER OR A SECURED PARTY ("THIRD PERSON") WITHOUT NOTICE TO YOU. In that event, the Third Person will have such rights as we assign to them but none of our obligations (we will keep those obligations), and the rights of the Third Person will not be subject to any claims, defenses or set-offs that you may have against us or another person.

8. TAXES AND OTHER FEES, INDEMNIFICATION. You agree to reimburse us for all taxes, charges and administration costs of \$100.00 in connection with the ownership and use of the equipment. UNLESS WE HAVE GIVEN YOU A WRITTEN OPTION TO PURCHASE THE EQUIPMENT FOR 10% OF ORIGINAL EQUIPMENT COST OR LESS AT THE END OF THE LEASE, YOU AGREE THAT WE ARE ENTITLED TO ANY AND ALL TAX BENEFITS (SUCH AS DEPRECIATION AND TAX CREDITS), AND YOU WILL NOT DO ANYTHING INCONSISTENT WITH THIS UNDERSTANDING. IF YOU DO, YOU WILL INDEMNIFY (REIMBURSE) US FOR OUR RESULTING LOSSES. YOU ALSO AGREE TO INDEMNIFY US FOR ALL LOSSES AND LIABILITIES ARISING OUT OF THE OWNERSHIP OR YOUR USE OF THE EQUIPMENT. THESE PROMISES WILL CONTINUE AFTER THIS LEASE ENDS.

9. MISCELLANEOUS. You authorize us to share credit and other information about you and your company with our affiliates. For your convenience, we may accept a facsimile copy of this lease with facsimile signatures. You agree a facsimile copy will be treated as an original and will be admissible as evidence of this lease. The parties agree that this document will be written in the English language. Les parties aux présentes conviennent a ce document soit redige en anglais.

X _____
AUTHORIZED SIGNATURE TITLE

FULL LEGAL NAME OF LESSEE

X _____
AUTHORIZED SIGNATURE TITLE

PRE-AUTHORIZED PAYMENT PLAN

DELIVERY AND ACCEPTANCE CERTIFICATION

The lessee hereby certifies that all equipment referred to above has been delivered, is fully installed and it is in good operating order. Lessee unconditionally accepts the equipment and requests that leasing company sign this lease and pay the equipment vendor.

X _____
AUTHORIZED SIGNATURE

ACCEPTED BY CUSTOMER

FOR OFFICE USE ONLY

By Date

ALFA-B — EXHIBIT 2**INSURANCE POLICY****LEAFCUTTER BEEKEEPERS FORM COVERAGE—RIDER FP12
FARM INSURANCE POLICY**

If the Coverage Summary Page indicates that Rider FP-12 applies, Barnabe/Saurette Insurance (B/S) provides the insurance described below in return for payment of the premium.

A. Property insured and amounts of insurance. B/S insure:

1. \$XXXXXX on nesting boards or shelters.
2. \$XXXXXX on bees or cocoons in all stages of development.
3. \$XXXXXX on beekeeping equipment and supplies used in connection with beekeeping operations, excluding farm equipment and machinery.

B. Insured perils.

Cover Code A: If this Rider specifies Cover Code A, you are insured against direct loss or damage caused by Fire, Lightning or Explosion of natural, coal or manufactured gas.

Cover Code K: If this Rider specifies Cover Code K, you are insured against direct loss or damage caused by the perils insured by Cover Code A, plus the following named perils:

1. **Smoke.** This peril means smoke due to a sudden, unusual and faulty operation of any heating apparatus flued to a chimney.
2. **Riot, Vandalism or Malicious Acts.** This peril does not include loss or damage caused by:
 - (i) any tenant, tenants' guests tenants' employees or members of their households;
 - (ii) you or any person employed by you;
 - (iii) or resulting from theft or attempted theft.
3. **Theft or attempted theft.** This peril does not include:
 - (i) theft or attempted theft by any person employed by you or a member of his or her household;
 - (ii) theft or attempted theft by any tenant, tenants' guest, tenants' employees or members of their household;
 - (iii) any mysterious disappearance or unexplained loss.
4. **Windstorm or Hail.** This peril does not include:
 - (i) loss or damage to property in a building, unless damage is concurrent with and result from an aperture caused by windstorm or hail;
 - (ii) loss or damage by windstorm to an outside shelter or property within an outside shelter, unless the shelter was properly anchored;
 - (iii) loss or damage to property in an outside shelter, unless the shelter sustained damage by the windstorm or hail;
 - (iv) caused by water, waterborne objects, ice, waves whether or not driven by wind;
 - (v) loss or damage to adults bees in the open field, including while in hive or shelters.
5. **Ravaging by bears.** B/S will only pay in excess of any amount payable under any government assistance program.

C. Loss of damage not insured-applicable to Cover Codes A and K.

B/S do not insure loss or damage:

1. caused by electrical currents other than lightning, but if there is resulting fire or explosion, we will pay only for the resulting damage to the insured property caused by the fire or explosion;
2. caused by dishonesty of an employee or any other person to whom the property is entrusted;
3. caused by death resulting from or contributed to by disease, illness, parasites, predators or poisoning whether consequent upon an insured peril or not.

D. Co-insurance clause.

B/S will not pay for a greater portion of any loss than the applicable amount of insurance bears to 80% of the Actual Cash Value of the insured property at the time of the loss. If this Rider specifically insures two or more items, this condition will apply separately to each item.

E. Deductible.

In case of damage to insured property while located in the open field caused by any of the following perils:

- (a) windstorm or hail;
- (b) riot, vandalism or malicious acts;
- (c) theft, or attempted thefts; or
- (d) ravaging by bears;

B/S is responsible only for the amount by which the loss or damage exceeds \$1,000 or the "Deductible Amount" of this Rider, whichever is the greater. Otherwise, the "Deductible Amount" of this Rider will apply.

F. Conditions.

This Rider is subject to all the terms and conditions of the policy to which it is attached.

ALFA-B — EXHIBIT 3

SEED NAME	1999 PROJECTED PRICE PER POUND
Alfalfa	\$1.00 – \$1.25 *
Wheat	\$0.39
Barley	\$0.23
Canola	\$0.78
Flax	\$0.69
Oats	\$0.29

*\$1.25 is the price for high quality pedigree alfalfa seed

ALFA-B — EXHIBIT 4**FINANCING STRUCTURE**

LENDER	AMOUNT	USE	RATE	COLLATERAL
(FIL) Farm Improvement Loan Bank of Montreal	\$250,000	Direct loan on capital assets	Prime + 1%	Fixed Assets, personal guarantees, accounts receivable
Bank of Montreal	up to \$25,000	Revolving line of credit	Prime + 1%	All inventory and personal guarantees
Equity Investment	\$160,000	Funding start-up costs	Payback outside investors within 8 years	Unsecured

ALFA-B — EXHIBIT 5**TERM SHEET**

BORROWER: **ALFA-B POLLINATION SERVICES INC.**

FACILITY #1: **FirstBank Operating Account (FBOA).**

Amount: \$25,000

Purpose: For operating purposes.

Availability: By way of overdraft.

Margin Requirement: None.

Repayment: On demand. From operating cash flow.

Pricing: Bank of Montreal Prime Rate plus 1%, floating, payable monthly in arrears.

Note: Prime Rate is the floating annual rate of interest established from time to time by the Bank of Montreal as the base rate it will use to determine rates of interest on Canadian Dollar loans to customers in Canada. Currently the Prime Rate is 6.50%.

Facility Fee: \$50 per month. Facility fee to include all monitoring fees, cheques, deposits and statements. Facility fee to be subject to review and adjustment annually.

FACILITY #2 **Farm Improvement Loan (FIL)**

Amount: \$250,000

Purpose: To assist with purchase of leafcutter bees, machinery and equipment in the amount of \$378,000. Detailed list attached.

Availability: By way of promissory note. Financing limited to 80% of eligible costs. Copies of invoices/cancelled cheques to be provided for each draw request.

Term: Maximum 10 years.

Repayment: From cash flow at approximately \$2,083.33 per month plus interest amortized over 10 years. Payments to commence 30 days from drawdown. Blended option available. Payments to be adjusted annually to reflect interest rate changes to respect original term.

Pricing: Bank of Montreal Prime Rate plus 1%, floating, payable monthly in arrears.

Reporting Requirements:

The Borrower will deliver to the Bank:

1. Externally prepared financial statements annually, within 120 days of each fiscal year end. (Minimum Review Engagement)
2. Internally prepared monthly financial statements within 25 days of each month end.
3. Other information as the Bank may reasonably require, from time to time.

General Terms and Conditions:

1. All legal costs and related expenses incurred by the Bank will be for the account of the Borrower.
2. Facilities will be subject to the Bank's right of periodic and at least annual review.
3. Adequate insurance will be kept in force.

Conditions Precedent:

1. All security to be in place to the satisfaction of the Bank and its solicitors as appropriate.

Security and Documentation to Be Provided:

1. Proper current account and borrowing authorities.
2. FBOA overdraft borrowing agreement.
3. General Assignment of Book Debts registered as required.
4. General Security Agreement providing for a first fixed charge over fixed assets being financed. Detailed list of fixed assets to be provided.
5. Full covering guarantees from each of the shareholders. Updated personal financial statements to be provided annually.
6. Farm Improvement application/documentation as required under program.
7. Assignment of full covering insurance over equipment.

Acknowledged and accepted this _____ day of December, 1999.

Alfa-B Pollination Services Inc.

Per: _____

Per: _____

ALFA-B — EXHIBIT 6**ALFA-B POLLINATION SERVICES**
Capital costs*

	Cost
Leafcutter Bees ⁽¹⁾:	\$144,000
Building:	
Wintering Complex	20,000
Machinery and Equipment:	
Flatdeck Trailer	4,500
3/4 ton truck	18,000
Bee Stripper	3,000
Total:	\$25,500
Shelters and Nests:	
Shelters ⁽¹⁾	64,000
Nests ⁽¹⁾	88,000
Total:	\$152,000
Incubation & Fumigation:	
Fumigation Chamber	4,000
Trays	21,600
Humidifier	200
Racks	500
Monitoring System	500
Heat Exchanger	1,100
Wiring and Thermostat	250
Black Lights	150
Cooling unit	3,000
Dehumidifier	1,000
Back-Up Generator	2,000
Banding Machine	2,200
Total:	\$36,500
Total Capital Costs:	<u>\$378,000</u>

(1) Gives Alfa-B Pollination the ability to custom pollinate 1,200 acres of alfalfa in first year of operations.

* Guidelines for Establishing Pollination Costs

ALFA-B — EXHIBIT 7

CASH FLOW STATEMENT — ALFA-B POLLINATION SERVICES
For the Year Ending 2001

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
CASH INFLOW													
Shareholders investment	-	-	160,000	-	-	-	-	-	-	-	-	-	\$160,000
Bank of Montreal Loan	-	-	-	250,000	-	-	-	-	-	-	-	-	\$250,000
Bank of Montreal Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	\$-
Revenue from pollination service	-	-	-	-	31,200	31,200	-	-	-	42,300	42,300	21,000	\$147,000
Sale of bees	-	-	-	-	-	-	-	-	-	-	-	-	\$21,000
TOTAL CASH INFLOW	\$ -	\$ -	\$160,000	\$250,000	\$31,200	\$31,200	\$ -	\$ -	\$ -	\$42,300	\$42,300	\$21,000	\$578,000
CASH OUTFLOWS													
Bees	-	-	-	144,000	-	-	-	-	-	-	-	-	\$144,000
Building	-	-	-	-	-	20,000	-	-	-	-	-	-	\$20,000
Shelters	-	-	-	-	64,000	-	-	-	-	-	-	-	\$64,000
Nests	-	-	-	-	88,000	-	-	-	-	-	-	-	\$88,000
Trucks	-	-	-	-	18,000	-	-	-	-	-	-	-	\$18,000
Flatdeck trailer	-	-	-	-	3,400	-	-	-	-	-	-	-	\$3,400
Bee Stripper	-	-	-	-	-	-	3,000	-	-	-	-	-	\$3,000
Winterizing complex	-	-	-	-	-	-	3,250	33,400	-	-	-	-	\$36,650
Incorporation	-	-	330	-	-	-	-	-	-	-	-	-	\$330
Legal & Accounting	-	-	-	1,785	500	500	500	500	1,000	1,000	1,000	500	\$7,285
Insurance & Licencing	-	-	-	-	696	-	-	696	-	-	696	-	\$2,087
Salaries ⁽¹⁾	-	-	-	6,250	8,250	8,250	8,250	8,250	8,250	8,730	6,250	6,250	\$68,730
Advertising	-	-	2,790	1,503	600	600	-	-	-	-	600	600	\$6,694
Web Page	-	-	-	1,000	100	100	100	100	100	100	100	100	\$1,800
Trade Show	-	-	-	-	-	-	-	-	-	-	-	-	\$-
Utilities	-	-	-	100	100	100	100	100	400	400	400	400	\$2,100
Telephone	-	-	-	500	350	350	350	350	350	150	150	150	\$2,700
Fuel ⁽²⁾	-	-	-	200	700	700	700	700	700	700	200	200	\$4,800
Travel ⁽³⁾	-	-	-	-	-	500	500	500	500	-	-	-	\$2,000
Administration and Banking Fees	-	-	-	100	100	100	100	100	100	100	100	100	\$900
Miscellaneous	-	-	500	500	500	500	500	500	500	500	500	500	\$5,000
Interest on long-term debt	-	-	-	1,563	1,563	1,563	1,549	1,536	1,523	1,510	1,497	1,484	\$13,791
Principle on long-term debt	-	-	-	-	-	-	2,083	2,083	2,083	2,083	2,083	2,083	\$12,498
Income Tax	-	-	-	-	-	-	-	-	-	-	-	8,094	\$8,094
Payroll tax	-	-	-	-	-	-	-	-	-	-	-	-	\$-
TOTAL CASH OUTFLOWS	\$ -	\$ -	\$3,620	\$157,501	\$186,859	\$33,263	\$17,982	\$51,815	\$15,506	\$15,273	\$13,576	\$20,462	\$515,858
TOTAL MONTHLY CASHFLOW	\$ -	\$ -	\$156,380	\$92,499	(\$155,659)	(\$2,063)	(\$17,982)	(\$51,815)	(\$15,506)	\$27,027	\$28,725	\$539	\$62,142
TOTAL CASH AVAILABLE	\$ -	\$ -	\$156,380	\$248,879	\$93,220	\$91,157	\$73,174	\$21,359	\$5,853	\$32,880	\$61,604	\$62,142	\$62,142

(1) Salary expense includes salary of \$25,000 per owner, and wages of all other full-time and part-time employees of Alfa-B Pollination Services Inc.

(2) Fuel expense is for an estimated 2500 km in peak months.

(3) Travel expense is for an estimated 5 nights per month in hotels and trip expenses.

ALFA-B — EXHIBIT 8**ALFA-B POLLINATION SERVICES—INCOME STATEMENT
For the Year Ending 2001**

	Q1	Q2	Q3	Q4	TOTAL
REVENUE					
Pollination Contracts	-	62,400	-	84,600	147,000
Sale of bees	-	-	-	21,000	21,000
TOTAL REVENUE	\$ -	\$62,400	\$ -	\$105,600	\$168,000
EXPENSES					
Incorporation	300	-	-	-	300
Legal/Accounting	-	2,785	2,000	2,500	7,285
Insurance	-	696	696	696	2,087
Salaries	-	22,750	24,750	21,230	68,730
Advertising	2,790	2,704	-	1,200	6,694
Web Page	-	696	300	300	1,296
Trade Show	-	-	-	-	-
Utilities	-	300	600	1,200	2,100
Telephone	-	1,200	1,050	450	2,700
Fuel	-	1,600	2,100	1,100	4,800
Administration and Banking Fees	-	300	300	300	900
Travel	-	500	1,500	-	2,000
Depreciation	-	3,923	4,534	4,534	12,992
Miscellaneous	500	1,500	1,500	1,500	5,000
Debt Servicing	-	4,689	4,609	4,492	13,791
Payroll tax	-	-	-	-	-
TOTAL EXPENSES	\$3,620	\$44,147	\$43,939	\$39,502	\$131,207
Net Income Before Taxes	(3,620)	18,253	(43,938)	66,099	36,793
Income Tax					8,094
NET INCOME	(\$3,620)	\$18,253	(\$43,939)	\$66,098	\$28,698
Retained Earnings	(3,620)	14,634	(29,305)	28,698	

ALFA-B — EXHIBIT 9

CASH FLOW STATEMENT — ALFA-B POLLINATION SERVICES
For the Year Ending 2002

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
CASH INFLOW													
Bank of Montreal Line of Credit	-	-	-	-	-	-	-	9,000	14,650	-	-	-	\$ -
Revenue from pollination service	-	-	-	-	39,000	39,000	-	-	-	52,875	52,875	-	\$183,750
Sale of bees	21,000	-	-	-	-	-	-	-	-	-	-	30,000	\$51,000
TOTAL CASH INFLOW	\$21,000	\$ -	\$ -	\$ -	\$39,000	\$39,000	\$ -	\$9,000	\$14,650	\$52,875	\$52,875	\$30,000	\$258,400
CASH OUTFLOWS													
Shelters	-	-	-	-	16,000	-	-	-	-	-	-	-	\$16,000
Nests	-	-	-	-	22,000	-	-	-	-	-	-	-	\$22,000
Incorporation	30	-	-	-	-	-	-	-	-	-	-	-	\$30
Legal & Accounting	500	500	500	500	500	500	500	500	500	500	500	500	\$6,000
Insurance & Licencing	1,074	-	-	1,074	-	-	1,074	-	-	1,074	-	-	\$4,296
Salaries	6,250	6,250	6,250	6,250	8,370	8,370	8,370	8,370	8,370	8,879	6,500	6,500	\$88,729
Labour	-	-	-	-	2,520	2,520	2,520	2,923	-	-	-	-	\$10,483
Advertising	2,790	2,483	2,790	1,503	600	600	-	-	-	-	-	-	\$10,767
Web Page	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Trade Show	502	1,158	-	-	-	-	-	-	-	-	-	-	\$1,660
Utilities	400	400	400	400	400	100	100	100	400	400	400	400	\$3,900
Telephone	150	150	350	350	350	350	350	350	350	150	150	150	\$3,200
Fuel	100	100	100	100	300	700	700	700	700	300	100	100	\$4,000
Travel	300	200	50	50	50	500	500	500	250	100	100	-	\$2,600
Administration and Banking Fees	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Miscellaneous	500	500	500	500	500	500	500	500	500	500	500	500	\$6,000
Interest on long-term debt	1,471	1,458	1,445	1,432	1,419	1,406	1,393	1,380	1,367	1,354	1,341	1,328	\$16,797
Principal on long-term debt	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	\$24,996
Interest on line of credit	-	-	-	-	-	-	-	-	56	148	-	-	\$204
Principal on line of credit	-	-	-	-	-	-	-	-	-	23,650	-	-	\$23,650
Income Tax	-	-	-	-	-	-	-	-	-	-	-	11,654	\$11,654
Dividends	-	-	-	-	-	-	-	-	-	-	-	0	\$ -
TOTAL CASH OUTFLOWS	\$16,350	\$15,483	\$14,668	\$14,443	\$55,292	\$17,829	\$18,290	\$17,606	\$14,776	\$39,338	\$11,874	\$23,415	\$259,366
TOTAL MONTHLY CASHFLOW	\$4,650	(\$15,483)	(\$14,668)	(\$14,443)	(\$16,292)	\$21,171	(\$18,290)	(\$8,606)	(\$126)	\$13,537	\$41,001	\$6,585	\$966
Carried over cash \$62,142													
TOTAL CASH AVAILABLE	\$66,792	\$51,309	\$36,641	\$22,198	\$5,906	\$27,076	\$8,786	\$179	\$53	\$13,590	\$54,591	\$61,176	\$61,176

ALFA-B — EXHIBIT 10**ALFA-B POLLINATION SERVICES—INCOME STATEMENT
For the Year Ending 2002**

	Q1	Q2	Q3	Q4	TOTAL
REVENUE					
Pollination Contracts	-	78,000	-	105,750	183,750
Sale of bees	21,000	-	-	30,000	51,000
TOTAL REVENUE	\$21,000	\$78,000	\$ -	\$135,750	\$234,750
EXPENSES					
Incorporation	30	-	-	-	30
Legal/Accounting	1,500	1,500	1,500	1,500	6,000
Insurance	1,074	1,074	1,074	1,074	4,296
Salaries	18,750	22,990	25,110	21,879	88,729
Labour	-	5,040	5,443	-	10,483
Advertising	8,063	2,704	-	-	10,767
Web Page	300	300	300	300	1,200
Trade Show	1,660	-	-	-	1,660
Utilities	1,200	900	600	1,200	3,900
Telephone	650	1,050	1,050	450	3,200
Fuel	300	1,100	2,100	500	4,000
Administration and Banking Fees	300	300	300	300	1,200
Travel	550	600	1,250	200	2,600
Miscellaneous	1,500	1,500	1,500	1,500	6,000
Debt Servicing	4,375	4,258	4,197	4,172	17,001
Depreciation	4,584	5,376	5,376	5,376	20,712
TOTAL EXPENSES	\$44,836	\$48,692	\$49,800	\$38,450	\$181,778
Net Income Before Taxes	(23,836)	29,308	(49,800)	97,300	52,972
Income Tax					11,654
NET INCOME	(\$23,836)	\$29,308	(\$49,800)	\$97,300	\$41,318
Retained Earnings	4,862	34,171	(15,629)	70,017	70,017

ALFA-B — EXHIBIT 11**ALFA-B POLLINATION SERVICES—CASH FLOW STATEMENT
For the Years Ending 2003-2005**

	2003	2004	2005
CASH INFLOW			
Bank of Montreal Line of Credit	-	-	-
Revenue from pollination service	220,500	257,250	294,000
Sale of bees	69,000	87,000	105,000
TOTAL CASH INFLOW	\$291,950	\$344,250	\$399,000
CASH OUTFLOWS			
Truck	-	18,000	-
Trailer	-	3,400	-
Shelters	16,000	16,000	16,000
Nests	22,000	22,000	22,000
Incorporation	30	30	30
Legal & Accounting	6,000	6,000	6,000
Insurance & Licencing	5,612	4,500	4,500
Salaries	92,521	96,614	100,506
Labour	10,483	10,886	10,886
Advertising	9,567	9,567	9,567
Web Page	1,200	1,200	1,200
Trade Show	1,660	1,660	1,660
Utilities	3,900	3,900	3,900
Telephone	3,520	3,696	3,882
Fuel	4,900	5,145	5,515
Travel	2,780	2,780	2,780
Administration and Banking Fees	1,200	1,200	1,200
Miscellaneous	6,000	6,000	6,000
Interest	14,922	13,087	11,329
Principal on long-term loan	24,996	24,996	24,996
Interest on Line of Credit	15	-	-
Principal on Line of Credit	2,450	-	-
Income Tax	22,652	33,124	43,881
Dividends	28,109	46,976	77,789
TOTAL CASH OUTFLOWS	\$280,517	\$330,761	\$353,620
TOTAL ANNUAL CASH FLOW	\$11,433	\$13,489	\$45,380
TOTAL CASH AVAILABLE	\$72,609	\$86,098	\$131,477

ALFA-B — EXHIBIT 12**ALFA-B POLLINATION SERVICES—INCOME STATEMENT**
For the Years Ending 2003-2005

	2003	2004	2005
REVENUE			
Pollination Contracts	220,500	257,250	294,000
Sale of bees	69,000	87,000	105,000
TOTAL REVENUE	\$289,500	\$344,250	\$399,000
EXPENSES			
Incorporation	30	30	30
Legal/Accounting	6,000	6,000	6,000
Insurance	5,612	4,500	4,500
Salaries	92,521	96,614	100,506
Labour	10,483	10,886	10,886
Advertising	9,567	9,567	9,567
Web Page	1,200	1,200	1,200
Trade Show	1,660	1,660	1,660
Utilities	3,900	3,900	3,900
Telephone	3,520	3,696	3,882
Fuel	4,900	5,145	5,515
Administration and Banking Fees	1,200	1,200	1,200
Travel	2,780	2,780	2,780
Miscellaneous	6,000	6,000	6,000
Debt Servicing	14,937	13,087	11,329
Depreciation	22,227	27,420	30,587
TOTAL EXPENSES	\$186,537	\$193,685	\$199,542
Net Income Before Taxes	\$102,963	\$150,565	\$199,458
Income Tax	22,652	33,124	43,881
NET INCOME	\$80,311	\$117,441	\$155,577
Preferred Share Dividends	8,031	11,744	15,558
Common Share Dividends	20,078	35,232	62,231
Retained Earnings	\$122,220	\$192,684	\$270,473

ALFA-B — EXHIBIT 13

ALFA-B POLLINATION SERVICES—BALANCE SHEET
Forecasted for 2000

	Q1	Q2	Q3	Q4
Assets				
Cash	156,380	91,157	5,854	62,145
Accounts Receivable	-	-	-	-
Bee Stock	-	144,000	144,000	144,000
Total Current Assets	\$156,380	\$235,157	\$149,854	\$206,145
Building	-	20,000	20,000	20,000
Trucks	-	18,000	18,000	18,000
Trailer	-	3,400	3,400	3,400
Shelters	-	64,000	64,000	64,000
Nests	-	88,000	88,000	88,000
Bee Stripper	-	-	3,000	3,000
Winterizing Complex	-	-	36,650	36,650
Accum. Depreciation	-	(3,923)	(8,457.50)	(12,992)
Net Depreciable Assets	-	189,477	224,593	220,058
Total Long-Term Assets	-	189,477	224,593	220,058
TOTAL ASSETS	\$156,380	\$424,634	\$374,447	\$426,203
Liabilities				
Current Portion of Long-term debt	-	12,498	6,249	24,996
Line of Credit	-	-	-	-
Total Current Liabilities	\$ -	\$12,498	\$6,249	\$24,996
Bank of Montreal loan	-	237,502	237,502	212,506
Total Long-Term Liabilities	\$ -	\$237,502	\$237,502	\$212,506
Equity				
Preferred Stock	55,000	55,000	55,000	55,000
Common Stock	105,000	105,000	105,000	105,000
Retained Earnings	(3,620)	14,634	(29,304)	28,700
Total Shareholders Equity	\$156,380	\$174,634	\$130,696	\$188,700
TOTAL LIABILITIES AND EQUITY	\$156,380	\$424,634	\$374,447	\$426,203

ALFA-B — EXHIBIT 14

ALFA-B POLLINATION SERVICES — BALANCE SHEET
For the Years Ending 2001-2005

	31-Dec-01	31-Dec-02	31-Dec-03	31-Dec-04	3-Dec-05
Assets					
Cash	62,145	61,176	72,609	86,098	131,477
Accounts Receivable	-	-	-	-	-
Bee Stock	144,000	144,000	144,000	144,000	144,000
Total Current Assets	\$206,145	\$205,176	\$216,609	\$230,098	\$275,477
Building	20,000	20,000	20,000	20,000	20,000
Trucks	18,000	18,000	18,000	36,000	36,000
Trailer	3,400	3,400	3,400	6,800	6,800
Shelters	64,000	80,000	96,000	112,000	128,000
Nests	88,000	110,000	132,000	154,000	176,000
Bee Stripper	3,000	3,000	3,000	3,000	3,000
Winterizing Complex	36,650	36,650	36,650	36,650	36,650
Accum. Depreciation	(12,992)	(33,703)	(55,930)	(83,350)	(113,937)
Net Depreciable Assets	220,058	237,347	253,120	285,100	292,513
Total Long-Term Assets	220,058	\$237,347	\$253,120	\$285,100	\$292,513
TOTAL ASSETS	\$426,203	\$442,523	\$469,729	\$515,198	\$567,990
Liabilities					
Current Portion of Long-term debt	24,996	24,996	24,996	24,996	24,996
Line of Credit	-	-	-	-	-
Total Current Liabilities	\$24,996	\$24,996	\$24,996	\$24,996	\$24,996
Bank of Montreal loan	212,506	187,510	162,514	137,518	112,522
Total Long-Term Liabilites	\$212,506	\$187,510	\$162,514	\$137,518	\$112,522
Equity					
Preferred Stock	55,000	55,000	55,000	55,000	55,000
Common Stock	105,000	105,000	105,000	105,000	105,000
Retained Earnings	28,700	70,017	122,219	192,684	270,472
Total Shareholders Equity	\$188,700	\$230,017	\$282,219	\$352,684	\$430,472
TOTAL LIABILITIES AND EQUITY	\$426,203	\$442,523	\$469,729	\$515,198	\$567,990

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Norman Barnabe	Barnabe-Saurette Insurance, Ste-Agathe, Manitoba
David Booth	Booth Farms, Lac du Bonnet, Manitoba
Art Chaput	Chartered Accountant, BDO Dunwoody
Ron Collins	Commercial Banker, Bank of Montreal
Brian Dorge	Agricore, Ste-Agathe, Manitoba
Kerry Dusik	Brett Young Seeds, Oakbluff, Manitoba
Darrell Fast	Winnipeg, Manitoba
Dave Green	Dave's Pollination, Hemingway, South Carolina
Lee Gregory	International Pollination System & Gregory Farms, Interlake, Manitoba
Ron Haccke	Fine Art Student, University of Manitoba
Sameer Hasan	Management Information Systems Student, University of Manitoba
Candyce Henschell	Swystun, Karasevich, Windsor, Winnipeg, Manitoba
Janet Honey	Manitoba Department of Agriculture
Rheal Lafreniere	Entomology, Manitoba Department of Agriculture
Pierre Lanoie	Dairy Farmer, La Salle, Manitoba
Ernie Lemoine	Alfalfa Farmer, Ste-Agathe, Manitoba
Roger Penner	Rainbow Trailer Sales, Cartwright, Manitoba
Jeff Robinson	Graphic Designer, Winnipeg, Manitoba
Dave Smith	Booth Farms, Lac du Bonnet, Manitoba
Robert Warren	Director, Asper Centre for Entrepreneurship, University of Manitoba
Bob Wilson	Northstar Seed, Neepawa, Manitoba
Kirk Windsor	Swystun, Karasevich, Windsor, Winnipeg, Manitoba
Geoff Young	Manitoba Department of Agriculture

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